

Skilled nursing facility payment adequacy and update

ISSUE: Each year MedPAC recommends to the Congress how to update payments for the coming year for skilled nursing facilities (SNFs). The Commission uses information on changes in access to care, supply of providers, volume or services, quality, access to capital, and the relationship between Medicare's payment and costs in evaluating the adequacy of Medicare's current SNF payment rates.

KEY POINTS: Overall, our analysis finds no major changes in these factors that indicates problems for beneficiaries needing SNF services. Most beneficiaries appear to have access to SNF care, although those that need complex care or special services may experience delays in finding SNF care. The number of facilities providing SNF care to Medicare beneficiaries has stabilized. The volume of SNF services provided has increased. Available evidence on changes in the quality of SNF care since the implementation of the PPS is mixed, with most measures trending down. Nonprofit SNFs continue to have limited access to capital, but for-profit SNFs have reported recent capital spending to construct or expand facilities. Our analysis of SNFs' Medicare payments and costs found that payments will be sufficient to cover SNFs' costs of caring for Medicare patients in 2006. We also identify possible ways to improve the information available to assess the quality of care delivered to SNF patients.

ACTION: Staff would appreciate feedback from Commissioners on the draft of the SNF payment adequacy chapter for the March 2005 report and the draft SNF update and other recommendations that will be presented at the meeting.

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